

Health System Reform in Canada

Considerations and Recommendations from a Review of International Health Systems

Summary

- Canada has the second highest health spending as a percentage of GDP amongst OECD nations.
- Factors such as changing health care needs and growing public expectations are setting higher standards for health systems to be more responsive in contributing to better health outcomes.
- The aim of this document is to guide successful health system reform development, implementation, and evaluation within Canada.
- Recommendations for health system reform in Canada include:
 - Leveraging the current socio-political climate to drive health system reform
 - Attending to Canadian history, politics, and readiness for change
 - Proactively engage with key stakeholders to help ensure that the resulting reform continues to reflect its objective

The full technical report is currently under peer review:

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Background

In Canada and many other countries, health expenditure as a share of gross domestic product (GDP) increases annually (1-3). In 2020, Canada ranked second highest amongst Organization for Economic Cooperation and Development (OECD) countries in health spending as a percentage of GDP (12.9%) behind the United States (18.8%), and above the OECD average (9.7%) (4,5). Hospitals (24.3%), physicians (13.6%), and drugs (13.6%) account for more than half our health spending (5). The changing health care needs (e.g., aging population, COVID-19) and growing public expectations for high quality, cost-effective care, amongst other factors, are setting higher standards for health systems to be more responsive in contributing to better health outcomes (2). In this context, there has been renewed and amplified calls for Canada to re-evaluate the efficiency, sustainability, and implementation of the health systems.

It is important to understand how and why health systems have evolved, but also in what contexts. Health systems in Canada and elsewhere do not operate in a vacuum. Factors inside (i.e., health system structure, organization, and political characteristics) and outside (i.e., economic, political, and social forces) of the health system influence the interest in and ability to undertake a health system reform (6,7).

Furthermore, the Canadian health system is comprised of multiple levels embedded or nested within one another (e.g., regional, provincial, and federal level), increasing dynamism and complexity. When thinking about health system reforms, it is important to consider the driving forces and types of reform that are necessary, and how to plan and execute the reforms successfully.

This research brief has four specific aims:

- Identify the “what?” - summarize the historical evidence on the history of health system reform in OECD countries to understand what type of reforms have taken place;
- Identify the “why?” - summarize the historical evidence of the driving forces behind health system reform;
- Identify the “how?” - Understand the interplay of factors that underpin health system reforms and how reforms can be carried out successfully; and
- Provide recommendations based on this evidence to guide policy makers and government in health system reform planning, implementation, and evaluation within Canada.



Summary of Evidence

What Type of Health System Reforms are Undertaken?

A literature review of the 38 OECD countries was undertaken to understand how international health systems have evolved from inception to present day, and what drove those reforms. Building on an existing health systems framework,⁸ health systems can be reformed through five overarching categories, described in Table 1.

Table 1. Type of Health System Reform

Dimension	Definition
Financing	Sources of financial resources and who is broadly responsible for paying for the services delivered by the health system
Population Coverage	Describes which groups will be included in the healthcare system.
Governance	The act of regulating or providing oversight of health care services— the entity responsible for the governance can include government or non-government (e.g., private, not-for profit) organizations.
Service Delivery	The entity that is responsible for the organization, management, and delivery of services.
Service Coverage	The health care services that are included in the healthcare system .

Why do Health System Reforms Occur?

For a more complete understanding of health system reforms, we explored why reforms occurred. There were three overarching and interconnected drivers of health system reform: economic crises, changes to the political party or structure, and/or changes in population needs (Table 2).

Table 2. Identified Drivers of Health System Reform

Driver	Conclusions from Literature Review
Economic Crises	<ul style="list-style-type: none"> Major economic recessions shaped health system financing, often driving financing and governance reforms by passing funding and regulatory tasks onto regions (e.g., decentralization) or onto the public (e.g., increasing private market). Example: Greece had to restructure their entire system when nearly 25% of the population lost health coverage by 2015 following the recession of 2007/08.⁹
Political Changes	<ul style="list-style-type: none"> Newly elected governments, or newly acclaimed dictators/political leaders, would often make drastic changes to the health systems to mitigate the effects of an economic crises. Example: In Saskatchewan following the Great Depression, a newly elected socialist democratic provincial government replaced the private insurance system and funded the health system through tax contributions to cover all hospital care province-wide.¹⁰ This change eventually spread to other provinces and led to the creation of Medicare a few decades later.
Population Needs	<ul style="list-style-type: none"> Changing population compositions (e.g., age) and specific health needs (e.g., COVID-19) have intensified pressures on health systems to respond to the demand for healthcare services and capacity to treat and care. Example: To address the aging population, reforms have included the introduction of long-term care funding and the delivery of integrated long-term care services to meet the challenges presented by an aging society.^{11,12}

How can Health System Reforms be Implemented Successfully

A concept analysis was undertaken by systematically reviewing literature on health system transformations. Using qualitative methods, we identified four high-level concepts imperative for successful health system reform from 25 studies. These were: 1) Planning, 2) Context, 3) Stakeholder Interests, and 4) Evaluation (Figure 1, Table 3).

Figure 1. Health System Reform Framework



Table 3. Findings from Concept Analysis

Concept	Conclusions from Concept Analysis	Considerations
Planning	Changes do not always go as planned - intended changes involve a complex interplay between aim, process, and outcome. It is also important to track and evaluate the entire reform process, not just the result.	Reform options need to be able to adapt as they unfold, responding to unintended consequences and barriers that arise.
Context	The critical importance of connecting wider contexts to transferability: how might broader circumstances impact the success (or lack thereof) of a specific reform, and will a similar reform in different circumstances produce alternate outcomes?	Reform options need to account for the broader contexts at play to identify and plan for windows of opportunities to execute a reform for best results (e.g., identify what matters, why it matters, and when the optimal time to act is).
Stakeholder Interests	Different groups (e.g., citizens, healthcare providers and administrators, government, or governing authorities) have the power to compromise the reform process, often in unexpected ways, because they can have interest in both the current status of healthcare delivery as well as the change proposed.	Reform is a “peopled” process – stakeholder voices and their values matter in the wide-scale buy-in and success of a reform. Such voices act as pressure mold within the reform process.
Evaluation	Adequate information is critical not only for designing reform, but for monitoring the direction, strength, and intentionality of systemic improvement. Evaluation should occur both during and after implementation.	Data collection should include qualitative and quantitative data including patient-reported outcomes, productivity measures, system utilization, inequities, social determinants of health, and unintended consequences.

Recommendations

High-functioning health systems enhance population and public health while contributing to economic growth and providing social protection.^{13,14} Achieving high-functioning healthcare requires a strong healthcare system that is backed by committed leadership within a sustained and stable political environment.¹⁵ Sociocultural and political contexts profoundly shape healthcare systems and their trajectory towards becoming high-functioning healthcare.^{16,17} Table 4 describes the recommendations for consideration based on the presented evidence.

Table 4. Recommendations for Health System Reform in Canada

Recommendations	Rationale
Leverage the current socio-political climate to drive health system reform	<ul style="list-style-type: none">• Economic, political, and population needs were identified drivers of reform – all of which exist today.• The growing cost of health care, the current economic downturn, and the growing public concern about our health system can be leveraged to call for action from political leaders.
Attend to the Canadian context – actively moderate the effects of history, politics, and the current readiness for change	<ul style="list-style-type: none">• The review of international reforms suggested that perceived values of the population factor into reformation.• The findings from the conceptual framework indicate that contextual factors are important for successful reform, including readiness for change.
Proactively engage with key stakeholders	<ul style="list-style-type: none">• Stakeholder voices and their values matter in the wide-scale buy-in and success of a reform. Such voices can act as pressure mold within the reform process.• Key stakeholders for health system reform include citizens, healthcare providers and administrators, policy experts and government. These stakeholders should be involved in all reform steps.

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About the Initiative

Government spending on health care has been growing more rapidly than inflation for years and is at risk of crowding out spending on other publicly funded services. This has been exacerbated by the COVID-19 pandemic which has increased health care spending, reduced government revenues, deferred care for non-urgent health problems and exposed and exacerbated health inequities. The result is that urgent action is needed to ensure the long-term sustainability of health care systems and other publicly funded programs.

In an effort to build a more sustainable future for Canada's health system, The Centre for Health Policy is leading the Health System Sustainability Initiative (HSSI). The goal of this initiative is to design evidence-informed health policy options to increase value for money in Canada's health care systems and to improve health system sustainability. By prioritizing evidence and engagement, this initiative aims to foster evidence-informed health policy reform that is urgently needed for the well-being of all Canadians.

Learn more about the initiative [here](#).



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About the Centre for Health Policy

The mission of the O'Brien Institute for Public Health is to advance public health through research excellence. Our role is to support academic scholars to tackle public health challenges, bringing them together with health practitioners, citizens, governments, businesses, and non-governmental organizations when collective actions is required.

The Centre operates using a partnership model where community organizations and university researchers bring health policy challenges and solutions to the Centre. We broker partnerships between those with public health challenges and those working on solutions. We bring together all the key players - citizens, community groups, researchers, government officials and health system leaders to ensure we have both the necessary expertise at the table and a 360 degree view of the challenge.

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